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ABSTRACT

This document focuses on investigations of three main issues of "User Choice," which has been applied to New Apprenticeships since 1998. The issues are as follows: (1) why some firms do not access User Choice when arranging training for their trainees and apprentices; (2) whether the size of the firm has a significant impact on User Choice experience; and (3) whether the geographical location of the firm has a significant impact. (Data were collected from responses to a 2001 survey and from case studies of twenty enterprises of varying sizes and geographical locations. The results indicate that firms do not access User Choice for training for the following reasons: (1) they lack awareness of it; (2) they have few or no effective training choices open to them; (3) they have previously had poor experiences with it; and (4) they do not seek or want choices in training. The varying sizes of firms led to differences in the following areas: (1) the training information available; (2) the reasons for employing apprentices or trainees; (3) the ability to negotiate variations in training appropriate to specific needs; and (4) the significance of financial support from public sources for training decisions. The varying geographical locations of firms led to differences in the following areas: (1) reasons why firms choose to train; (2) differential access to information about training; and (3) variation in the availability of training choices.) Suggestions on how to make User Choice more appealing and accessible to enterprises are made. Includes 5 references. (MO)

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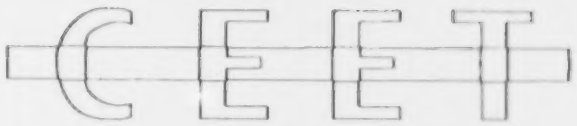

The User Choice Experience of Australian Firms
A further investigation

Fran Ferrier and Chris Selby Smith

WORKING PAPER No. 49
June 2003

MONASH UNIVERSITY – ACER

CENTRE FOR THE ECONOMICS OF EDUCATION AND TRAINING

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Project 2000-10 User Choice

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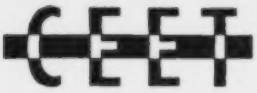

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The *Monash University-ACER Centre for the Economics of Education and Training (CEET)* is a joint venture of Monash University's Faculties of Education and Business & Economics and the Australian Council for Educational Research (ACER). CEET also collaborates with staff of the University of Melbourne.

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CEET receives its main funding from ANTA as a Key VET Research Centre and undertakes consultancies for a range of other authorities.

Focus of Work

CEET's research focuses on the contribution of education and training to economic and social development. CEET's recent work includes:

- the costs of vocational programs in schools, in TAFE and in industry
- models for assessing demand for training
- labour turnover and the effect on jobs for entrants to the labour market
- the impact of globalisation on the occupational structure
- evaluation of 'user choice' for apprenticeship training
- analysis of the efficiency and equity in the training market
- policies to improve the transition of youth from education to work
- the impact of VET research on policy and practice
- equity and VET
- models for analysing student flows in higher education and in vocational education, and
- returns to investment in enterprise training.

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EXECUTIVE SUMMARY

This document reports on investigations into the User Choice experience of Australian enterprises. It focuses on three main issues.

- Why do some firms not access User Choice when arranging training for their trainees and apprentices?
- Does the size of the firm have a significant impact on the User Choice experience?
- Does the geographical location of the firm have a significant impact on the User Choice experience?

The study is based on two main sources: an analysis of responses to the survey on User Choice conducted by the Australian Chamber of Commerce and Industry in 2001; and case studies of twenty enterprises (three small, six medium-sized and eleven large firms). Of the twenty enterprises eleven were located in regional or rural areas, seven were located in metropolitan centres and two were located in both regional and metropolitan areas.

Based on the material examined, there appear to be four main reasons why firms that are employing apprentices and trainees do not currently access User Choice:

- the firms lack awareness of User Choice
- the firms have few or no effective training choices open to them
- the firms have previously had poor experiences of User Choice and therefore are no longer seeking it
- the firms do not seek or want choices in training (for example, they are satisfied with what they have got).

With regard to their experience of User Choice, the study noted differences between firms of varying size in four areas:

- the information about training which is available to them
- the reasons why firms employ apprentices or trainees
- the ability of firms to negotiate variations in training appropriate to their specific needs
- the significance of financial support from public sources for their training decisions.

Differences in the User Choice experience of firms operating in different geographical locations were found to relate to three main factors:

- the reason why the firm chooses to train
- differential access to information about training
- variation in the availability of training choices

In the light of these findings, the final section of the report identifies ways in which User Choice arrangements could be changed to improve the User Choice experience of firms of varying sizes and located in different geographical areas.

Many firms have a positive experience of User Choice and are reasonably satisfied with the training choices they are offered by providers and the arrangements that they are able to negotiate to suit their particular needs. On the whole they believe that the training system is much more flexible than in the past and that training providers are much more willing to meet the needs of employers than they were previously.

However, there are still some difficulties or concerns and thus there is still room to improve the existing User Choice arrangements. In particular, there appears to be a continuing need:

- To increase awareness of User Choice and the flexibilities it offers among all employers, but particularly among small and medium-sized firms and those enterprises in more distant or isolated locations.

- To improve the distribution of information about training in general, but particularly about choices available, especially to small and medium-size firms and to all firms outside metropolitan areas.

- To ensure that diverse sources of quality training information are available to all firms, regardless of size or location.

- To improve access to training choices for firms that seek them but find that they are not currently available, particularly firms located in regional areas.

In this study, some specific suggestions for improving the distribution of information are made by enterprises in regional areas. These provide a useful starting point in considering improvements to existing arrangements. Comments from enterprises also suggest that the effectiveness of information dissemination and provision by NACS, RTOs and GTCs require attention as they do not currently appear to be as good as they might be.

Ensuring that a range of training choices is available where required is a more difficult problem. The historical provision of training, the geographical spread of RTOs, enterprises and expertise and the level (and allocation) of resources within the VET system mean that it is unlikely that firms of all sizes and in all locations will ever be offered the same range of choices. However, it may be possible to make changes to current User Choice arrangements that will lead to some improvement on the existing situation - and this matter should be investigated further. The provision of incentives for providers to offer more choices to firms located in regional areas in particular could be looked at more closely. Another possibility might be the provision of support to enable the clustering of small firms, or firms within a region, into groups that have a 'critical mass' with greater strength than individual firms to negotiate training arrangements with an RTO and to access relevant and appropriate training information.

In addition, consideration could be given to the special requirements of enterprises in non-metropolitan areas whose training needs cannot be appropriately met by a local training provider and who thus have to select a provider located some distance away. Support could be provided for more effective communication mechanisms; for a brokering or supervisory role for a local training provider; and to assist non-metropolitan enterprises in meeting any additional costs of training that arise.

1. INTRODUCTION

This document reports on investigations into the User Choice experience of Australian firms. It follows an earlier paper, *'The Experience of User Choice. Do the size and location of the firm make a difference?'*, published by CEET as Working Paper No 40 in December 2001.

The paper focuses on the viewpoint of enterprises and is concerned with three issues:

- Why some firms indicate that they do not access User Choice in arranging training for their apprentices and trainees.
- The impact of firm size on the User Choice experience.
- The impact of firm location on the User Choice experience.

In considering the second and third of these issues, the research discussed in this report aimed to fill some gaps and answer some questions that were identified in the earlier CEET paper.

The report first briefly describes the User Choice policy and its implementation. The main findings of the earlier paper are then identified, together with the issues that it noted as requiring further investigation.

The following section outlines the methodology adopted in the new work. The findings of the investigation are then discussed with attention being given in turn to each of the three issues noted above. Some additional issues that came up during the course of the work are also discussed.

Finally the report makes some observations based on the data analysis about ways in which User Choice might be improved in the future, particularly for small and medium-sized firms and those located outside metropolitan centres.

2. USER CHOICE

The training policy known as 'User Choice' has been applied to New Apprenticeships since 1998. The policy allows employers and their apprentices/trainees to select a training provider from those registered in their State or Territory who are able to deliver the appropriate training. Enterprises and their apprentices/trainees are also able, under the User Choice arrangements, to negotiate the timing, content and mode of delivery of the training with their selected provider.

User Choice was introduced to create a more direct market relationship between training providers and their clients in order to improve the responsiveness of the training system to the needs of enterprises. It was also seen as a way of increasing contestability among providers to improve efficiency and client service without moving to a 'user pays' (or similar) system. Under User Choice arrangements public funding for training does not go directly to an employer or to apprentices/trainees, flows to the registered training organisation (RTO) once the enterprise's choice has been made clear.

Implementation of the policy has been based on nine principles that were originally agreed by the ANTA Ministerial Council in 1997 and slightly modified in 2000. While there is much common ground, each Australian state or territory training authority (STA) has interpreted the principles in its own way so that some aspects of the User Choice arrangements differ from one jurisdiction to another. These differences often reflect variations between the states in broader training arrangements, policy objectives, administrative practices and procedures. More fundamentally the differing arrangements can reflect local issues such as the composition of the population and its geographical distribution. For instance some areas have been identified by States and Territories where there are few clients seeking, or few training organisations able to provide, particular types of training and thus the full range of choices are not available to clients. Some States and Territories have sought to impose limits that shield public training providers, at least partially, from private competitors. Others have imposed limits, which reflect priorities in the use of their vocational education and training resources.

A number of reviews and evaluations of User Choice have been conducted since the policy was first trialed in a set of some 50 pilot projects across Australia in 1996-7 (eg Selby Smith, Selby Smith and Ferrier, 1996). A common finding from these reviews and evaluations has been that the policy is popular with employers, who welcome the increased flexibilities that it has given them. Through User Choice, some employers have been able to shift from one training provider to another and have been able to negotiate changes to the content of training to meet their specific needs better. They have also been able to access on-the-job training more effectively, integrate it more appropriately with external training and arrange the timing of training to fit in with their business or production cycles.

However, the evaluations and reviews have also indicated that some employers are disappointed with the range of choices available to them and with the quality of training. Employers are not always able to access the information they need to make informed choices. While New Apprenticeship Centres (NACs) have been set up to distribute information and provide assistance, some employers have doubts about the

objectivity of the information that the NACs provide, especially if a NAC has links with a particular provider - or is a registered training organisation in its own right. While extensive information about User Choice is now provided on-line, the proportion of employers who use this source is small.

Proposals to strengthen User Choice were put forward by the Australian Chamber of Commerce and Industry (ACCI) in 2002 in response to employer concerns. Recent investigations by CEET into these proposals (Ferrier and Selby Smith, 2003) reveal that while state and territory training authorities (STAs) are committed to support User Choice they also have some concerns about the impact of the policy. In particular, managing demand for training has emerged as an issue in the de-regulated User Choice environment. STAs worry that strengthening the policy could further increase demand for apprenticeships and traineeships and that this would add to pressure on training systems already stressed by recent substantial increases. One STA notes that management has been more difficult since User Choice was first implemented and another commented that while arrangements might be 'easier for employers and businesses', they are not 'more streamlined and effective for those who have to manage them'.

STAs are concerned about the power that User Choice gives to employers and RTOs in the allocation of public funds. They have expressed particular concern if this power were to be extended and the role of governments in monitoring and assessing training and the use of public funds was simultaneously reduced. Ensuring high standards of training is another issue. STAs suggest that this requires more effective monitoring and assessment of the training being delivered and the vetting of new RTOs entering the training market - all of which would be costly. Another issue is the proportion of training now being undertaken on-the-job, rather than through a training institution. This has increased substantially under User Choice, but STAs have found that completion rates tend to be poorer for on-the-job training, and that the quality of training provided in this mode varies considerably. A further concern expressed by STAs is that, since the implementation of User Choice, some training providers have engaged in the 'aggressive marketing' of training to employers. The training that has subsequently been taken up has sometimes been found to be inappropriate to the needs of the clients and of uncertain quality.

Responding to the ACCI proposals, many STAs raised the issue of the role of industry in contributing to training more generally - and particularly to the costs of training. Several STAs expressed concern about the effect of User Choice in shifting costs from employers to government. More broadly, they suggested that ACCI's proposals neglect the role that industry and employers could - and in their view should - play in effective training arrangements. For instance, one STA says that in the ACCI proposals it appears that:

> *...the current effectiveness or deficiencies in the User Choice system are purely generated by the various government jurisdictions, and industry, as such, is blameless. There is no comment made in the proposal in respect to what changes, if any, industry is prepared to make to achieve, in conjunction with government, the User Choice aims.*

3. THIS STUDY

Background

ACCI represents over 350,000 business in Australia including over 280,000 employing fewer than 20 people. The proposals that the organisation put forward in 2002 to strengthen User Choice were based on a survey of 350 member enterprises that it had undertaken two years previously investigating User Choice experience and views. ACCI reported on the findings in its publication *ACCI Review*, in May 2001. The findings included that:

- Three-quarters of participating firms had utilized aspects of User Choice arrangements. One of the main reasons firms did not do so was that they did not know about User Choice. However, there were also many other reasons, including that the intended flexibilities were not available to them.

- The flexibilities of User Choice were a major factor in firms' decisions to take on a new apprentice, with the ability to customize training being particularly important. ACCI noted that employers see User Choice flexibilities as 'offering a high level of responsiveness and relevance to changing technologies and future industry skill requirements'.

- Two-thirds of respondents had used New Apprenticeship Centres (NACs) and they generally found the information provided by the NACs to be helpful. However, some respondents claimed that not all NACs had detailed information available. Only a very small group of respondents had used on-line information about User Choice.

- Few respondents had noticed improvements recently in User Choice in spite of 'tinkering to improve its implementation and operation'.

In discussing the findings ACCI noted that employers were looking for a system that was able to respond rapidly to the dynamics of their businesses, regardless of its location or size. However, 'between the promises of the User Choice policy and the reality for many employers, there lies a credibility gap'. Employers did not always get the choices or the information that they believed they were entitled to under the policy.

During 2001, CEET re-analysed the data derived from ACCI survey. The major aim of this work was to explore the results obtained according to firm size and primary geographical location, investigating whether the benefits of User Choice flow to small and medium-sized firms, and firms located in regional areas, to the same extent as they do to large metropolitan firms.

Issues of firm size and location were chosen for exploration for two main reasons. Firstly, data from the Australian Bureau of Statistics on employer training expenditures indicate a relationship between firm size and the provision of structured training for employees. Hours of training per employee and the percentage of employers who provide training for their staff show similar trends. Secondly, the location of firms has been linked to a range of factors that might affect User Choice in practice, such as

access to training, the types of training required and arrangements for the delivery of training.

Firm size

Re-analysis of the ACCI data confirmed a considerable number of differences in the User Choice experience for firms of different sizes:

- The proportion of firms accessing User Choice arrangements increased with firm size 69% of small firms, 75% of medium-sized firms and 82% of large firms stated that they had accessed User Choice arrangements for their training
- It was only among small firms that respondents indicated they did not access User Choice because they did not know about it, or found it 'too difficult'.
- Flexibility was considered to be very important or important by the majority of firms that responded to the ACCI survey. However, many fewer medium size firms considered flexibility very important (36.5%) than did small firms (53.0%) or large firms (62.5%).
- The ability to customize training was regarded as important by substantial proportions of all firms, but particularly by small firms.
- Choice of training provider and access to user choice funds were considered to be important by all firms, but particularly by large firms.
- Overall, a substantial majority of all firms had not used online information. However, the proportion indicating online usage was much greater for large firms (22.4%), than for small (2.5%) or medium size firms (6.3%).
- A majority of the firms that responded to the survey had used New Apprenticeship Centres. However, the proportion for large firms (79.2%) was much larger than the proportion for small (59.5 %) or medium size firms (58.7%).
- Fewer small than medium or large firms agreed that User choice enabled a choice of training provider, choice in the location of training or its content.
- Fewer small than medium-sized or large firms agreed that User Choice encouraged providers to market their training opportunities or capabilities better or encouraged them to provide their training on a more flexible basis to enterprises.

Firm location

Fewer differences, but nevertheless some important ones, were apparent between firms in different geographic locations. CEET's further analysis of the ACCI survey responses showed that:

- Two-thirds of regional firms indicated they did not know about User Choice, compared with a little more than one fifth of metropolitan firms.
- Flexibility was considered to be very important or important by the majority of firms in all areas, but particularly by rural firms.
- Choice of qualification, customization of training and choice of training provider were all considered important by more metropolitan than regional or rural firms.
- Access to User Choice funds was considered important by more regional and rural than metropolitan firms.

- Regional and rural firms were more likely to obtain information from NACs than metropolitan firms and less likely to access on-line information.
- A majority of metropolitan firms did not agree that User Choice encouraged training providers to market better, while a majority of rural and regional firms agreed that it did.
- While most regional and rural firms agreed that there is access to understandable information, the majority of metropolitan firms did not.

As the survey data from ACCI did not provide sufficient information to explain adequately the differences between firms of different sizes or in different locations, further investigation was warranted and CEET undertook to explore these issues in more detail. In addition, the survey data did not adequately indicate the reasons that some firms with apprentices or trainees did not access User Choice. As Table 1 shows, the proportion of firms participating in the ACCI survey which chose the alternative 'other' to explain why they did not access User Choice was very high for medium-sized and large firms and for firms in metropolitan areas. Thus CEET also undertook further work in this area.

Table 1: Reasons for not using user choice, by size and location of firm (%)

Firm characteristic	*Do not know about*	*Too difficult*	*Other*	*Total*
Small	35.0	5.0	60.0	100
Medium	-	-	100	100
Large	-	-	100	100
Metropolitan	22.7	4.5	72.7	
Regional	66.7	-	33.3	
Rural	-	-	-	

Source: Ferrier and Selby Smith (2001), Tables 4 and 14.

Methodology

Two main sources of data were used to investigate further the differences in User Choice experience by firm size and location and the reasons some firms with apprentices and trainees do not access User Choice. The first source comprised case studies of individual firms. The second source was analysis of comments on the ACCI survey, particularly in response to various open-ended questions.

Case studies[1] were conducted either by telephone or in face-to-face interviews with firms in NSW, Victoria, Tasmania, and the Northern Territory. Just over half were conducted explicitly for this project, particularly those in New South Wales, and the Northern Territory, but a re-analysis was also conducted of material gathered by CEET during 2002 in case studies with firms in Victoria and Tasmania for a related project on User Choice. These studies provided a wealth of relevant and up-to-date material. Table 1 shows the twenty case studies by firm size and location. Eleven case studies were located in regional or rural areas; eight were located in metropolitan areas; and two firms had sites in both metropolitan and non-metropolitan areas. Of the 20 firms, 8 were in NSW, 7 in Tasmania, 2 in the Northern Territory and 2 in Victoria. One interview was also conducted with a firm located in South Australia.

[1] Case studies in NSW were conducted for CEET by Clifford Trood.

Table 2: Case study firms by size and type of location

	Metropolitan	*Regional/rural*	*Both metro and regional areas*
Small	1	2	
Medium	2	4	
Large	4	5	2

Case study firms were identified in one of three ways: information provided by STAs; information received from industry associations; and through personal contacts. Generally, the middle-sized and large firms that were approached were more willing to be involved than the small firms. Many small firms were pressed for time, or did not employ an apprentice or trainee. For this reason, small firms are under-represented in the case studies. However, in contrast, small firms are over-represented among those whose responses to the ACCI survey were re-analysed for this project. In total the responses of 36 firms that employed apprentices/trainees but did not access User Choice were selected from the ACCI survey for re-analysis. Of these, twenty-one were small firms, eight were large firms and seven were medium-sized firms.

Since many of the firms that participated in the case studies were willing to be identified and have comments attributed to them, but others were not, it was decided that no firm would be identified in this report. The respondents to the ACCI survey were also not expecting their identity to be revealed. Thus no information is provided that enables any individual firm to be recognized with certainty.

Findings

Why not User Choice?

There appear to be four main reasons why firms that are employing apprentices and trainees do not currently access User Choice. First, some firms lack awareness of User Choice. Secondly, there are firms that have few or no choices open to them. Thirdly, there are firms that have had poor previous experiences of User Choice and thus no longer seek it. Fourthly, there are firms that do not seek or want choices in training.

Lack of awareness

The overwhelming majority of firms with apprentices and trainees appeared to be unfamiliar with the term 'User Choice'. Others recalled the term but were uncertain about its meaning and about the choices that the policy offers:

> *The terminology of User Choice means nothing to employers. It is a macro level policy used by bureaucrats*
>
> Large metropolitan firm in cultural and recreational services

> *Never heard of it*
>
> Small regional firm in manufacturing

> *Don't know much about it*
>
> Large metropolitan firm in tourism and hospitality

Those who are most aware of the term tend to be larger firms with human resource or training managers who have the knowledge, experience and time to be able to keep abreast of developments in training - and have a responsibility to do so. Many of these people have worked as teachers or trainers and indicate that their knowledge of User Choice comes from that context. They believe that others in their industry who do not share this background know little about User Choice:

- *Employers don't know about User Choice until they are given a choice*
  Large regional firm (all industries)

- *I only know about User Choice because I'm involved with the food industry training board*
  Large regional firm

- *I do not think others in the industry are aware of 'user choice' in training*
  Medium-sized regional firm in education

- *(User Choice is) not commonly understood or defined*
  Large regional firm in manufacturing

Lack of resources, including time, to seek information or to keep up with changes in training arrangements and requirements was a reasonably common explanation that firms gave for their level of knowledge about training issues generally and User Choice specifically. It was particularly common among small and medium-sized firms:

- *Busy small business doesn't have time to access information*
  Small construction firm in all areas

However, these difficulties can also affect large firms:

- *...it is difficult to get up-to-date information...can't spend time looking into things by reading or attending seminars*
  Large regional firm in manufacturing

Some firms suggested that the responsibility for poor awareness of User Choice lies outside firms, for instance it reflects inadequate marketing of the policy:

- *How widespread is the marketing of User Choice?*
  Large regional firm (industry not stated)

Other firms suggested that the low level of awareness of User Choice among enterprises reflects the poor quality of information and assistance that is available to firms:

- *Information about User Choice needs to be consistent across all providers*
  Large regional firm (all industries)

- *There's only one NAC ... and it's useless...*
  Large regional firm in finance and insurance

- *...NAC was unhelpful*

Small metropolitan firm in retail trade

Firms located outside metropolitan areas offered particular suggestions about ways in which to improve awareness of User Choice. This perhaps reflected particular difficulties they faced in obtaining the information they need:

- *(There is a) ...need for a checklist of what employers are able to negotiate under User Choice...*
  Small rural firm in manufacturing

- *...more printed info please...not enough promotion in regional or rural areas*
  Small rural firm in construction

- *...direct mail would be more appropriate as well as regional marketing (door-knocking)*
  Medium-sized rural firm in manufacturing

- *...More communication is required – flyers preferred*
  Large rural firm (industry not stated)

- *I'd like to know (more) about options. What sort of options are actually available.*
  Large regional firm in food production

- *A central source would be useful*
  Large regional firm in food production

Among the firms with little or no awareness of User Choice there was a small group indicating that they had not sought information about training from either a New Apprenticeship Centre (NAC) or from the available on-line sources. This may be an important finding for those considering ways to improve knowledge about training among firms. Assisting or encouraging these firms to contact a NAC or to use on-line sources might be a good starting point.

Some firms that have sought assistance from a NAC do not comment favourably on the response. Concerns were expressed about the breadth and depth of the information the firms had been given and the assistance they had received with completing forms and other requirements (eg to commence an apprentice/trainee or receive a Commonwealth incentive payment). Some firms also raised questions about the objectivity of the information that a NAC, which is also a training provider, might give them. These firms suggested that a NAC of this type might fail to inform firms about the full range of options open to them through User Choice arrangements. However, the same question could be asked about other sources of information that firms use, such as training providers or group training companies.

A local training provider or group training company (GTC) appeared to be the main source of information used by many firms. Sometimes the RTO or GTC is one that has had a relationship with the firm for a number of years. Although many of the firms appeared to be satisfied with the advice they received from these sources, it may not

always be in the best interests of a training provider to inform firms that User Choice allows them to choose another provider or to negotiate other aspects of the training.

Lack of choice

Most firms indicate that at least some of the flexibilities that User Choice offers are important to them. Thus it is not surprising that there is sometimes a note of frustration in comments from firms that have found their choices to be limited:

- *There's only one college – what's the point of User Choice?*
  Medium-sized regional firm in manufacturing

Limits on choice seem to affect more small and medium-sized firms than large firms, but the limitations can affect firms in all three types of locations: rural, regional and metropolitan. However, choices appear to be more limited for firms outside metropolitan areas:

- *The location of the business means training choices are very limited.*
  Large regional firm in finance and insurance

Most of the firms indicating that they have encountered limits to choice refer to a lack of choice of provider:

- *There's only one college in (this state) anyway*
  Small rural firm in manufacturing

- *There's no flexibility for User Choice in (this state)*
  Medium-sized metropolitan firm in manufacturing

- *(the state) does not offer any choice*
  Small metropolitan firm in manufacturing

- *User Choice is not available ...User Choice coverage for the transport and civil construction areas is a 'thin market'*
  Medium-sized firm in all areas in transport

- *Need more User Choice in (state). Only have TAFE as a choice*
  Small metropolitan firm in manufacturing.

- *The ability to choose a training provider is very important – but no choice is available. Only one RTO in (the state) offers the Cert III.*
  Large regional firm in finance and insurance.

Some firms indicate that they have encountered other types of limitations on their training choices, such as in negotiating the timing or content of training. They comment that:

Public providers need to be more flexible
Large regional firm in multiple industries

Poor experiences

A small number of firms indicate that their failure to access User Choice is the result of a previous experience that was unsatisfactory. Often this dissatisfaction relates to the quality of the training provided, thus it may be only indirectly, rather than directly related to User Choice. However, where there is only one provider available, concerns about training quality become entwined with concerns about lack of choice:

- *The quality of the training varies, but we're stuck with the only RTO available. Communication ...has been a problem, inconsistencies in information and some lengthy delays have been caused by changes in staff*
  Large regional firm in finance and insurance

In some cases, dissatisfaction by enterprises is more directly related to User Choice. For instance, some firms have not been able to secure the choices they want, or agreed arrangements have fallen apart. One firm expressing substantial dissatisfaction at the exclusion of some categories of existing workers from User Choice arrangements in the state in which it is located notes that:

- *Changes have made the system less accessible*
  Small construction firm in metropolitan and regional/rural areas

For this firm, securing the skilled workers that it needs is very difficult and thus it places an emphasis on the re-training of existing workers. The employer prefers to have employees on staff for twelve months before making a commitment to support formal training for them. Excluding these workers from access to User Choice arrangements means that they will 'miss out on obtaining a good qualification'. The consequences could be significant:

- *This will have huge ramifications on (the state) keeping skilled tradesperson...employees will go elsewhere to work where they can get a qualification*
  Small firm in construction working in both metropolitan and regional areas

This firm also has experienced difficulties in negotiating the timing of training to suit the business:

- *More flexibility is required for actual off-the-job training...At present trainees go to school one week a month. This is difficult as the industry has definite peaks and troughs. It would be preferable to undertake less training during busy times and more training during quiet times.*

Another firm expressing substantial dissatisfaction with User Choice arrangements told of a lack of communication with the chosen RTO that made negotiation of appropriate training very difficult:

- *Arrangements did not meet expectations...RTO service was terrible...(we) never saw them*
  Small metropolitan firm in retail

A small number of firms indicate they have found it difficult to access User Choice arrangements. For one in particular, staff changes, communication difficulties and apparent incompetence in the organization with which they were dealing (a NAC or group training company) led to the same forms being filled in numerous times without result:

- *...the application that was handed in was passed on to another person and never heard of again...the same thing happened a second time...then someone came around and dropped off some forms ...these were filled in and given back but we never heard from them again...*
  Small metropolitan firm in finance and insurance

The restrictions in existing User Choice arrangements are highlighted by another firm that also is concerned about the administrative workload involved in arranging training:

- *...too much paperwork and rules*
  Small metropolitan firm in construction

Administrative issues are of concern to a number of firms. One suggested that the administrative workload has an impact on employer decisions to take on apprentices and trainees:

- *Improve the administrative processes. They are a disincentive to taking on apprentices and trainees.*
  Medium-sized metropolitan firm in manufacturing

One large metropolitan firm in hospitality and tourism that had over 100 employees undertaking training had experienced particular problems with the processes for signing up trainees and obtaining Commonwealth incentive payments:

- *...it's an administrative nightmare...*

The problem had been worsened by a lack of support from the NAC, especially when a knowledgeable staff member departed:

- *...they sent whoever was available ... and they're very young, not well trained and enormously naïve...Forms went missing. People changed. Nobody kept a track on it...we had people graduate who we hadn't even received a commencement payment for.*

This firm also highlighted the exclusion of some categories of existing workers from funding, particularly those who had qualifications obtained over fifteen years previously and that were not relevant to their current occupation

There's no real criteria that's obvious to an employer about the eligibility.

The administrative load associated with apprentices and trainees also arose as a significant issue in the case study interviews. One large metropolitan firm operating in multiple industries noted:

- *Paperwork for trainees is still a bit too complicated and pedantic, often requiring repeat information or strict procedures to complete. Those familiar with the VET system cope but newcomers and industry 'not in the know' find it very difficult and frustrating. The amount and complexity of information required to be repeated also needs to be reduced.*

However, the case study interviews also suggested that many firms were able to obtain assistance with the paperwork from a New Apprenticeship Centre, a Group Training Company or a training provider.

Choice not required

Some firms do not seek the types of choices offered through User Choice arrangements because they are satisfied with the training they already receive. Often these firms have a relationship with a training provider or group training company (or an individual within these organizations) that has been developed and maintained over a number of years and is now marked by trust and confidence. These firms are happy to leave training arrangements in the hands of this trusted person or organisation in the belief that they understand the firm's business and will do their best to arrange appropriate training.

- *Have developed alliances and know exactly what we want. Do not exercise choice*
  Large metropolitan firm in cultural and recreational services

For some other firms, training is an issue that assumes a low priority or is regarded as 'someone else's responsibility'. These firms are often small or medium-sized businesses facing strong demands on their time and on the individuals working within them. With more pressing matters to attend to these firms may be content to take the training offered to them.

Some firms of this type have done little or no previous training. They have agreed to training mainly because a group training company or training provider has knocked on the door and talked to them about the benefits of training, or about the incentive payments that are available to support apprentices and trainees. While they may be persuaded to enter into training, they prefer to leave the arrangements to others with more time and expertise.

- *The only reason (the firm) got into it in the first place was that (group training company) approached me...they're local, they're on the doorstep... (we) normally ask (the group training company)*
  Small regional firm in retail

Importantly however, most firms that did not currently seek choices, for whatever reason, still regarded the flexibilities that User Choice offers as important. In addition, while their current training arrangements are satisfactory these firms may not take advantage of the flexibilities which are available, but they appear pleased to know that choices would be available to them if their present arrangements should become unsatisfactory in the future. Some also acknowledge that, while they do not currently

seek choices, the ability to do so might be useful for other firms in their area, or industry.

Firm size differences

Regardless of their size, the majority of firms that employ apprentices and trainees support User Choice and regard the flexibilities that the policy offers as important.

However, the material examined for this project highlights some differences in the ways in which User Choice is experienced that appear to be linked to the size of the firm. On the whole, the differences are most pronounced between small and large firms. Particularly in their knowledge of the training system, their ability to negotiate with training providers and their sense of confidence about being able to arrange the training they want, rather than accepting an off-the-shelf product which may not be exactly what they require, these firms tend to lie at opposite ends of the spectrum, with medium-size firms falling somewhere between.

Nevertheless, it cannot be concluded that there is the same order of difference between large and small firms in their perception of the quality of training, or their satisfaction with the training arrangements they are able to make. Though medium-sized and small firms appear to have fewer choices in relation to training than some large firms, they often appear to be as content with the training they are able to access as the large firms that negotiate individualized arrangements for the timing, content and mode of delivery of training. Indeed, larger firms appear to view training with a more critical eye. They often have a much clearer perception of the training they need and are not reticent to express dissatisfaction if their expectations are not met and to seek other options.

Information about training

Fewer medium-sized or small firms have a detailed knowledge of the training system, or of the flexibilities offered through User Choice, than large firms. Small and medium-size firms tend to rely more often than larger firms on a single source of training information and support – often a group training company (GTC), a training provider or (less often) a new apprenticeship centre (NAC). From their point of view this arrangement often works well. They may develop a strong relationship with an individual within the GTC or training provider and come to trust that this person will work in their best interests and bring any important training issues to their attention. This is particularly useful as many small and medium-size firms indicate that they do not have the resources to keep up with training, to spend time gathering information about training, or to deal with the paperwork associated with training arrangements. Having a trusted person to take on these tasks for them is an excellent option for them.

Larger firms are much more likely to have an employee, sometimes an external adviser, who is responsible for training, keeps up to date with changes to the system, is aware of options and possibilities and is prepared to take the steps necessary to achieve what is best for the firm and its apprentices or trainees. Large firms also tend, more than small and medium-sized firms, to seek information about training from a variety of sources, including personal contacts and networks, state training authorities, on-line sources (eg ANTA or, the National Training Information Service) and industry bodies. In part the use of multiple resources may reflect the fact that large firms often have diverse training needs. For instance, they may have apprentices working in two or three different areas,

as well as trainees. All will have some different training needs. In addition though, the use of multiple sources also reflects the additional resources that large firms are able to devote to their search for training information.

Access to multiple sources does not necessarily guarantee that required information can be found quickly, or is of high quality. One large metropolitan firm using multiple on-line sources found that a consistent issue was navigating the complex sites. While information obtained was generally up-to-date and relevant, it was frustratingly difficult to find and sometimes the required level of detail was missing.

Many small firms do not currently appear to use New Apprenticeship Centres, either to obtain information or to seek support with making training arrangements. They tend to use group training companies or training providers instead. This does not appear to reflect poor experiences with NACs, but instead appears linked to the firms' lack of knowledge of the training system. Compared with training providers and even GTCs, NACs are a relatively new presence in training. More than those in large firms, it seems that employers in small and medium-sized firms rely on recollections of their own training experience when it comes to making arrangements for their apprentices or trainees. Unless they are approached directly by a NAC or GTC they are thus likely to turn to a training provider for assistance in the first place. They tend to look outside this source of information only if they do not obtain what they need.

Among the firms that use NACs there are mixed views of these centres that do not appear to be related to firm size. One small regional firm that used the local NAC for the majority of its information trusts the NAC representative because he has been helpful in explaining what needs to be done, and in assisting when difficulties arose with the apprentice. The manager had little time of his own to look for information on training. However, as noted in the previous section, others have found the NACs to be less useful.

Why train?

In general, firms give three main reasons for employing apprentices and trainees: to meet the needs of the firm for skills; to make a social contribution; and to provide for the future of the industry. In most cases, no single reason dominates, with firms indicating a mix of these three reasons. Importantly, no firm suggested that it would abandon training if User Choice were diminished or abandoned, although one small firm did indicate that it might if the financial incentives to support an apprentice or trainee were withdrawn.

Two small firms gave some different reasons, however. In one case a small retail firm in a regional centre was not convinced that the training would particularly lead to benefits for the business. This employer saw training in his industry as a means of recognizing what people could already do, rather than primarily as a means of developing new skills:

- *Most of the trainees I've had have been people who've had experience in retail but have no recognition of the fact that they've done that time and I suppose one aspect of the training is that it does give them that...it did give them that certificate of saying they've completed level 3 or 4 or whatever...*

  Small regional firm in retail

The trainee displayed a similar positive attitude to certification:

- *If I can get a certificate out of it for the resume it would be good. It would be worth it then.*

By itself the ability for staff to gain recognition for their existing skills was insufficient reason for this firm to support training. In addition, the employer indicated another compelling factor:

- *If it wasn't for the incentive point of view...I certainly wouldn't have taken it on because of the time frame that they're off the job, etc*

The employer was surprised at the availability of financial incentives to support an apprentice or trainee:

- *...I couldn't understand the fact that they make so much money available for ....training for people who've already got a job. I would have thought it would be better paying $20,000 to find someone who hasn't got a job, a job. That's my view.*

He was also initially reluctant to accept the money. But he eventually agreed:

- *...I felt when we first initially took it on that the system was being rorted to some degree...and I was a bit hesitant in initially doing it but...I was reassured at the time. If the money's there....and once its gone it's gone and if I don't take advantage of it someone else will....*

Similarly, the second small firm, a retail bakery in a regional centre, also did not believe that training would lead to benefits to the business. The employer had been persuaded to offer an apprenticeship to an employee under pressure from the worker's family and unspecified others. The expected outcome was said to be a trade/apprenticeship for the apprentice's benefit, rather than any benefit to the business. The firm employed mostly casual staff and the employer held the view that formal training provided no better outcome for the business than could be achieved through informal on-the-job training of these staff.

The employer had no previous experience with the VET system and, having arrived in Australia as a refugee from an overseas location in which learning occurs on the job, did not understand the concept of a formalized apprenticeship system. Within his vision of good business practice he found it difficult to reconcile paying for an apprentice to take time off the job to attend formal study with paying for casual staff who could be taught all they needed to know on the job. Incentive payments helped, because they were seen as a way of defraying some of the costs – ie of 'subsidising the business outlay'.

Negotiating appropriate training

A small bakery was typical of other small and some medium-sized firms in that long (12-16 hour) working days meant that employers did not have time to expand their knowledge of the training system. When asked what aspects of the training he had

sought to negotiate with the training provider, the manager of the bakery indicated none, because he 'didn't know' he could negotiate.

This is not an uncommon story. When it comes to negotiating with a training provider, large firms appear to have advantages that are not enjoyed by small and some medium-sized firms. One advantage is that larger firms tend to be more aware of the complexities of the VET system and of possibilities for the training of apprentices and trainees. They have a better idea of the choices that might be available to them, they know who to talk to about possibilities and they expect to be able to achieve some of their preferred choices.

Another advantage enjoyed by larger firms is what one large firm in the finance and insurance industry in a regional centre described as having 'more pull'. The employer explained that larger firms tend to have a greater number of apprentices and trainees. This makes the RTO keener to negotiate with the firm, in the hope of winning the additional income that the training will bring. Another large metropolitan firm in business solutions described this succinctly:

- *Clearly the larger companies can demand narrower more focused training to meet their specific staff skill and knowledge needs. This also applies to other flexibilities. Critical mass enables greater flexibility.*

The advantages of critical mass were illustrated also, but in a slightly different form, by the case of a large chain of bakeries. In this example, individual stores were operated as franchised small to medium-sized businesses. Separately they would have had a limited capacity to negotiate training tailored to their needs. Together they were able to do better.

Ensuring consistency in products, product quality and customer service across the group was seen as critical to maintaining the reputation of the brand name and ensuring economic success - and training was regarded as the best way to do that. User Choice had allowed the parent enterprise to become a registered training provider, to develop its own enterprise training package and to deliver all its own training. This had been particularly welcome because the firm was not able to negotiate appropriate training elsewhere:

- *(The decision to become an RTO was made) ...predominantly because (the firm wasn't) completely happy with using TAFE, who was the only provider for the food processing side of it ...TAFE tended to have an insistence to say they wanted to do more off the job, more curriculum-based style...they wanted a classroom of six guys from one store which just didn't work...*

A medium-sized firm offering childcare and pre-schooling in a regional centre also recognized the advantages of critical mass. This firm employed a small number of trainees through a group training company and found that training providers were more willing to negotiate with employers than they had been in the past. This was partly due to increased competition between providers and also to a greater awareness among customers of the possibility of more flexible options. But it was also suggested that the RTO may be more willing to negotiate to meet the needs of customers because the RTO catered for a number of associated child care centres and may feel pressure to customize

to meet the needs of the centres in order to keep their business. This case suggests that smaller firms might be able to gain some of the advantages of critical mass by forming clusters with similar firms and negotiating with a training provider as a group, rather than individually.

It is important to note though that by itself being large does not guarantee that a firm will be able to obtain all the choices it seeks. Whether a firm is large, medium-sized or small, many factors can affect the range of choices that will be available to it. These can include the particular industry; the availability of teachers/trainers; and the location of the firm and of the RTO. A large metropolitan multinational business in the tobacco industry explained that it had had no opportunity to choose the RTO for its apprentices. TAFE had traditionally provided the training and while the firm was reasonably satisfied with the existing arrangements it indicated that it would investigate other opportunities if they were presented. In addition, the firm had not been able to negotiate with TAFE on any other form of choice. Negotiation on the timing and content of training would have been particularly welcome to the enterprise, but so far the historical pattern of accepting a standard product had been maintained.

Similarly, a medium-sized firm in engineering in a regional centre indicated that the options for training its apprentices and process workers had also been limited to TAFE, because there are few, (if any) RTOs providing training in the skills required in the industry. This restriction had not been felt in training for non-trades areas, where a range of RTOs offered suitable programs. In contrast to the experience of the large tobacco manufacturer, this firm had been able to negotiate with TAFE on the timing, content and location of training. This firm emphasised that the RTO had made many suggestions regarding onsite delivery and assessment and 'was quick to fit in with the needs of the company'. However, the firm also noted that the number of apprentices involved made some delivery options impossible.

This firm saw User Choice as becoming increasingly important as training becomes more integrated into the company's operations. New technologies and advanced equipment are reducing the firm's need for unskilled labour and demanding higher skills from a smaller workforce. In these circumstances the firm would particularly welcome additional flexibilities – such as what it described as 'niche training' in specialized skills for small numbers. Other flexibilities it would welcome in future included:

- Negotiation about the time to be served by apprentices.
- Support for NESB students.
- More negotiation on the content of training.
- Support to identify the return on investment in training and to carry out program evaluation.

Another flexibility that was not currently available to a large regional firm producing components for the global and domestic automotive market, but which the firm would like to have, was the ability to negotiate with a training provider the particular teacher who would take the training. This request reflected concerns about the quality of training that were a marked feature of all case study interviews.

Financial support

As noted earlier, the government funding available to assist employers to support apprentices and trainees has had an influence on the decisions taken by two small retail firms to support training for their employees. However, it also appears from the ACCI survey responses and the case study interviews that for many medium-sized and large firms the financial incentives are not critical. Many firms would continue to employ apprentices and trainees if this financial support were withdrawn because there are other compelling reasons to train.

The difference between firms that need the funding in order to train and other firms that merely welcome it as a way of defraying costs, or regard it as unimportant, appears to be related to these factors. Firstly, there is the level of internal resources that firms have to support training and other activities. Secondly, there is the view the firm holds of the administrative load required to secure funds in relation to the financial reward that will be received. Thirdly, there is the firm's view of the importance of training.

For firms that are well-resourced, the work that is required to secure incentive payments is sometimes 'too difficult' or 'not worth the effort'. It is not justified by the amount of money that they receive. These are not just large firms. Some large firms have substantial numbers of apprentices and trainees and thus substantial costs. Therefore they welcome a contribution to defraying these costs, just as small businesses do. The level of internal resources available is for training activities in some ways related to size, but it also depends on competing priorities. For a large regional employer in local government, for example, the financial support from public funds appears to be just as important in supporting the decision to train as it was to small firms. The number of apprentices that can be employed depends on the budget and thus the availability, or non-availability of financial support can mean one more, or one less apprentice or trainee. For this employer, increased pressure on their budget made public funding for training increasingly important to their training decisions.

Where firms have a strong need to train, such as to acquire the skills they need, the availability of financial support appears less essential. But again, this issue is not necessarily related to the size of the firm. For instance, a large regional manufacturer of automotive components suggested that if firms do not have the skills they need (and cannot recruit them) then they either train, or close. This employer believed that public funding for training is becoming less important in decision-making on training by enterprises, but also believed that the processes to gain funding support and the associated accountability requirements are too complex and costly. Similarly a medium-sized firm in childcare and pre-schooling indicated that staff are needed and have to be trained. Training will proceed largely regardless of the cost. Current funding of trainees from public training budgets was welcome, but not critical for their decisions about training.

Firm location differences

Differences in the User Choice experience of firms in different locations are of three main kinds: the reason the firms choose to train; access to information about training; and the availability of training choices.

Why train?

It was noted above that firms give three main reasons for supporting an apprentice or trainee: to meet the needs of the firm for skills; to make a social contribution; and to provide for the future of the industry.

Firms in regional areas in particular indicate that they are training because they are unable to access the skills they need through recruitment. When existing workers do not have the required skills, and there is not an adequate pool of local labour from which they can recruit workers with the necessary skills, then they have no choice but to train. Recruitment difficulties become particularly noticeable if they change production methods, or introduce new products.

Regional firms also tend to see themselves as a part of the local community. Employing trainees or apprentices is one way in which they believe they can make a contribution to this community and particularly to the development of its young people. Often regional firms are unable to offer apprentices and trainees ongoing employment once they have completed their training. However, they are pleased that they have been able to help the young people to acquire the skills, and the certificate, that will help them to obtain employment elsewhere.

Limited choices

Earlier discussion of the reasons some firms with apprentices or trainees do not access User Choice highlights that training choices are limited for some firms outside metropolitan centres. The case study material tended to confirm this finding, but it also showed that limited choices sometimes have a positive as well as a negative side.

On the negative side, almost all of the firms located outside metropolitan centres indicated that they had a limited choice of local training provider. In most cases there were only one or two training providers in the district and one or both of these did not always offer the type of training that the firm was seeking. The problem of finding a local training provider was even more difficult when the firm had specialized training needs, such as one firm employing people with intellectual disabilities; or another firm which was beginning to use highly advanced technological equipment in its manufacturing process. A regional manufacturer shifting from low-tech to high-tech production methods indicated that appropriate local training was not available because there was 'no history of demand' and therefore 'no provision'.

On the positive side, most firms appeared to be reasonably satisfied with their current training provider – although some had changed provider in previous years due to dissatisfaction. While a local provider was generally the preferred option, firms were not averse to choosing a provider that was some distance away, if this provider could offer them quality training of the type they were seeking. However, the additional costs incurred in using a distant provider were often seen as an added burden.

The preference for a local provider seemed to be related to the desire of firms to build local relationships. One large regional firm manufacturing automotive components made the suggestion that where a local provider was unable to provide all the training the firm needed (as this firm had found) then perhaps the provider could take on the role of overseeing the delivery of training by another provider – thus acting like a training broker. Another firm in childcare and pre-schooling, which had changed to a training

provider some distance away due to dissatisfaction with a more local RTO, noted that 'poor proximity' of the chosen RTO to the firm was a concern, but 'good communication processes by the RTO' had helped.

In addition to concern about lack of choice in training providers, some regional firms also indicated that they had experienced limits to choice in the timing, content and mode of delivery of the training. These limits were usually related to the limited number of providers, to the low number of apprentices/trainees within the district, or both.

For instance a large local government enterprise indicated there was 'little choice' in country towns because of the lack of student numbers. In their experience this was especially so in the trades areas. Low numbers had led to a reduction in staffing in the local RTO and this had in turn made it difficult for the RTO to be flexible. Previously this enterprise had been able to negotiate with the training provider on the content of the training, so as to align it with the needs of the business, and on the location of the training. However, this no longer happened because 'the engineering section has been reduced to one teacher – limiting the section's capacity to be as flexible as before'. Nevertheless, this enterprise still believed that in general, training providers were now more willing to negotiate with employers than they had been in the past. In fact, this tended to be a common view among all firms.

Almost all the regional firms that were included in this study indicated that they had been able to negotiate some arrangements for the timing, content and mode of delivery of training. A medium-sized manufacturer in a regional centre was particularly satisfied. This firm indicated that it had wanted to ensure that enterprise specific skills were addressed and that the apprentice would also receive a broad skill base from their training. This has been 'achieved easily' given a 'strong relationship' between the firm and the teacher in the chosen RTO. Also satisfied, following two changes of RTO, was an enterprise operating in childcare and pre-schooling. Despite choosing an RTO over 100 kilometres away this enterprise had been able to negotiate on-the-job training at times to suit the demands of the business. It had also been able to negotiate a role for existing staff in assisting with the training.

On the whole, most regional firms seemed to prefer a local provider. However, they also seemed willing to look elsewhere if no RTO was available locally, or those training providers that were available locally, did not provide the training sought or did not provide a satisfactory service with appropriate levels of flexibility. Up to a point, the regional firms appeared to understand that there were limits to flexibility and were willing to accept what was offered. However, where the quality of the training was poor, content was not relevant, or delivery was inconvenient, they appeared to be quite prepared to change to another provider, even one some distance away.

Access to information

In some regions, local sources of information about training appeared to be very limited in number. This was not always a problem, but it could become one, particularly when the sources that are available prove to be inadequate. For instance, one regional firm in finance and insurance noted that there was only one New Apprenticeship Centre in the area, and that the quality of service it provided was poor.

On-line sources have been set up to address this problem, but few firms appeared to use them, many of those that did were not satisfied with the information they obtained and most firms indicated that they preferred personal contact that would allow them to ask specific questions and to obtain personalized assistance. A regional manufacturer that had used the National Training Information System noted that it was difficult 'to find particular competencies rather than a package of competencies'. Another regional manufacturer that had accessed the website of a state training agency to identify courses to meet the needs of staff found that it was difficult to identify from the information given what the student would learn and where and when it would be delivered. This firm indicated that in general, information about training options can be easy, or difficult, to obtain depending on the specific information sought. This was where contact with key individuals became important.

Because many regional firms have built a strong relationship with a training provider or group training company they may not often need to use other information sources. However, from time to time these relationships break down and it is at this point that access to different information becomes more critical. A regional manufacturer that currently seeks little information in relation to training, as 'the group training company deals with apprenticeship issues', indicated that the need to access training information would continue to 'remain low while current relationships with providers remained close'.

Improving User Choice

This report has considered the User Choice experience of firms of different sizes and in metropolitan and non-metropolitan locations. It has also examined some of the reasons that firms with apprentices or trainees do not currently access User Choice.

A major conclusion of the work is that many firms have a positive experience of User Choice and are reasonably satisfied with the choices they are offered and the arrangements they are able to negotiate. On the whole they believe that the training system is much more flexible than in the past and that training providers are much more willing to meet the needs of employers than they were previously.

However, there are still some difficulties or concerns and thus there is still some room to improve existing User Choice arrangements. In particular, the further analysis of the ACCI responses and the information from the 20 case study enterprises suggests that there is a need:

- To increase awareness of User Choice and the flexibilities it offers among all employers, but particularly among small and medium-sized firms and those enterprises in more distant or isolated locations.

- To improve the distribution of information about training in general, but particularly about choices available, especially to small and medium-size firms and to all firms outside metropolitan areas.

- To ensure that diverse sources of quality training information are available to all firms, regardless of size or location.

- To improve access to training choices for firms that seek them but find that they are not currently available, particularly firms located in regional areas.

In this study, some specific suggestions for improving the distribution of information are made by enterprises in regional areas. These provide a useful starting point in considering improvements to existing arrangements. Comments from enterprises also suggest that the effectiveness of information dissemination and provision by NACS, RTOs and GTCs require attention as they do not currently appear to be as good as they might be.

Ensuring that a range of training choices is available where required is a more difficult problem. The historical provision of training, the geographical spread of RTOs, enterprises and expertise and the level (and allocation) of resources within the VET system mean that it is unlikely that firms of all sizes and in all locations will ever be offered the same range of choices. However, it may be possible to make changes to current User Choice arrangements that will lead to some improvement on the existing situation - and this matter should be investigated further. The provision of incentives for providers to offer more choices to small and medium-sized firms outside metropolitan areas in particular could be looked at more closely. Another possibility might be the provision of support to enable the clustering of small firms, or firms within a region, into groups that have a 'critical mass' with greater strength than individual firms to negotiate training arrangements with an RTO and to access relevant and appropriate training information.

In addition, this study points to a need for attention to the special needs of firms in non-metropolitan areas whose training needs cannot be met by a local provider and who thus have to select a provider located some distance away. The findings suggest that consideration might be given to three specific approaches to ameliorating the difficulties they experience. Firstly, support could be provided for the development of more effective communication mechanisms between enterprises and distant providers. Secondly, a brokerage or supervisory role for a local provider to assist the enterprise in finding and negotiating with a more distant provider could be investigated. Thirdly, consideration could be given to the provision of support to assist non-metropolitan enterprise to meet the additional costs of training that they incur in these circumstances.

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